

Message Text

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11

ACTION TRSE-00

INFO OCT-01 EA-11 ISO-00 EB-11 SEC-03 L-03 CIAE-00 INR-10

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FM AMEMBASSY TAIPEI
TO SECSTATE WASHDC 1979

UNCLAS TAIPEI 3547

E.O. 11652: N/A
TAGS: EFIN, TW
SUBJECT: ROC REGULATION OF FOREIGN BROKERS AND UNDERWRITERS

REF : STATE 79749

1. FOLLOWING IS SUMMARY OF AIRGRAM ON ABOVE SUBJECT WHICH WILL BE SENT WITHIN NEXT FEW DAYS:
2. STOCK MARKET IN TAIWAN WAS NOT INSTITUTIONALIZED UNTIL 1962 WHILE THE ESTABLISHMENT OF FORMAL GOVERNMENTAL CONTROLS DID NOT TAKE PLACE UNTIL THE ENACTMENT OF THE SECURITIES AND EXCHANGE LAW OF 1968. SECURITIES DEALERS ARE DIVIDED INTO THREE CATEGORIES, UNDERWRITERS, TRADERS IN OWN NAME AND BROKERS. THE 1968 LAW DOES NOT PROHIBIT FOREIGN PARTICIPATION IN FIRMS DEALING IN SECURITIES, BUT DOES REQUIRE THAT EMPLOYEES ACTUALLY HANDLING TRANSACTIONS MUST BE CHINESE. FOREIGN EXCHANGE CONTROLS PROHIBIT THE INFLOW OF SHORT TERM FUNDS TO PURCHASE STOCKS, AND LONG TERM INVESTMENTS MUST BE APPROVED BY THE GOVERNMENT. SUCH INVESTMENTS RESTRICTED TO APPROVED LIST OF PROMOTED INDUSTRIES WHICH DOES NOT INCLUDE SECURITIES ACTIVITIES. ONLY WAY FOREIGN INTERESTS BECOME ENGAGED IN SUCH BUSINESS IS INDIRECTLY, AS IS CASE WITH THREE US BRANCH BANKS. LATTER OWN 20 PERCENT INTEREST IN THREE DIFFERENT TRUST COMPANIES WHICH IN TURN OPERATE AS TRADERS AND UNDERWRITERS. THE THREE TRUST COMPANIES INVOLVED ARE CHINESE CONTROLLED AND THUS ARE NOT UNCLASSIFIED

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SUBJECT TO ANY SPECIAL TREATMENT OR DISCRIMINATION.

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
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Concepts: FOREIGN INVESTMENT CONTROLS, STOCKS (SECURITIES), BANKS, BANK LAW, BANK DATA
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Draft Date: 06 JUN 1974
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Decaption Note:
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Disposition Event:
Disposition History: n/a
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